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April 19, 1967

Mr. Lawrence C. McQuade
Acting Assistant Secretary
for Domestic and International Business
Department of Commerce
Washington, D. C. 20230

Dear Larry:

On February 24, the U.K. made another effort to convince us to agree to relax the COCOM embargo on telephone multiplex equipment and coaxial cable, strongly implying that this was their price for agreeing to advance consultation on computer exports to China. However, they subsequently agreed to the computer consultation arrangement without waiting for a reply from us on communications equipment.

This item was last discussed in COCOM in November 1966. At that time CIA advised us that they could cite no compelling reason to oppose liberalization of exports to the USSR (their memo No. 4843 of 9 November, 1966). Defense has now cleared the enclosed draft response to the British. I would appreciate receiving your comments.

Sincerely yours,

State Dept. review completed

Joseph A. Greenwald
Deputy Assistant Secretary
for International Trade Policy

Enclosure:

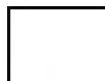
Draft Letter to British Embassy

cc: Defense - Mr. Barber
CIA - Mr. Morrell

E/EWT:WARoot:sb

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17 APR 1967



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25X1

Lou: Would think we would want to review
our 9 November 1966 memo to see whether
or not any change is required.

ELA

DD/RR

17 Apr 67

Above buckslip was attached to copy of letter
Greenwald sent to McQuade, Dept of Commerce
on 14 Apr 67 with attached draft letter to
British Emb re embargo on equip to China.

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DRAFT LETTER

Mr. Philip W. Ridley
Counselor (Commercial)
3100 Massachusetts Avenue, N.W.
British Embassy
Washington, D. C. 20008

Dear Philip:

On February 24 you asked that we reconsider the U.K. proposals to (1) relax the embargo on frequency division multiplex equipment, as described in COCOM Doc (66) 1523/1, and (2) delete the embargo on conventional coaxial cable, sub-item 1525 (c). I would like to confirm that the U.S. will enter no objection to any COCOM exception case for export to Eastern Europe and the USSR of what you propose to remove from embargo provided that, in the case of coaxial cable, deliveries contracted do not extend beyond twelve months from the day of signing of the contract and amounts for individual transactions are reasonable and, in the case of multiplex equipment, the recipient government provides an assurance of peaceful end-use. It is not expected that this condition will cause difficulties, because the state trading organizations in these countries normally provide statements on end use.

Before proceeding with a re-examination of our position on export of these items to communist areas of the Far East, we look forward to hearing from you

Sincerely yours,

Joseph A. Greenwald
Deputy Assistant Secretary
for International Trade Policy